

SENATE BILL REPORT

SB 5173

As of January 27, 2011

Title: An act relating to the waiver of restaurant corkage fees.

Brief Description: Concerning the waiver of restaurant corkage fees.

Sponsors: Senators Honeyford, Kohl-Welles, Hewitt, King, Holmquist Newbry and Tom.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 1/27/11.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Edith Rice (786-7444)

Background: Some restaurants allow patrons to bring their own wine with them to be served with the meal that they purchase. Restaurants typically charge a fee to open and serve this wine. This is referred to as a corkage fee. There is no requirement that restaurants charge a corkage fee.

Current law provides that liquor industry members and retailers may have direct or indirect financial interests between each other unless the interest has caused or is likely to cause or result in undue influence between them or result in an adverse impact on public health. In addition, under RCW 66.28.305 no liquor industry member can advance money or moneys' worth to a retailer and no retailer can receive money or moneys' worth under a written or unwritten agreement or through business practices. Some examples of exceptions to these limitations include industry members providing limited branded promotional items to retailers, as well as domestic wineries providing personal services such as pouring and providing information to retailers conducting on premises educational activities.

Summary of Bill: Domestic wineries and restaurants licensed to sell beer and/or wine or spirits, or beer and/or wine are permitted to enter into an arrangement to waive a corkage fee. Such an arrangement is not prohibited under the law regarding interests between industry members and retailers. Nor is such an arrangement prohibited under the law regarding moneys' worth.

Appropriation: None.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This program is voluntary and enhances services offered to tourists. Originally there were concerns about tied-house and moneys' worth but since this program applies to all restaurants and all wineries now it is not a problem. Please consider allowing the Liquor Control Board (LCB) to draft rules allowing exceptions to tied-house issues. We would like to broaden the bill's language to allow for more promotional activities. California wines should be included in these arrangements.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Rich Garza, LCB; Julia Clark Washington Restaurant Association, Jar Arcand, Santiago's Restaurant, Jean Leonard, Washington Wine Institute, Katie Jacoy, California Wine Institute.